

City of Philadelphia



(Bill No. 080161)

AN ORDINANCE

Amending Chapter 19-1500 of The Philadelphia Code, entitled “Wage and Net Profits Tax,” by revising certain tax rates and making technical changes, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-1500 of The Philadelphia Code is hereby amended as follows:

CHAPTER 19-1500. WAGE AND NET PROFITS TAX.

§ 19-1501. Definitions.

* * *

(4) [Low Income Non-Residents. Non-Residents who are entitled to refund and/or forgiveness of taxes pursuant to State Low-Income Tax Provisions, but less than the maximum percentage amount.] *Reserved.*

(5) [Low Income Residents. Residents who are entitled to refund and/or forgiveness of taxes pursuant to State Low-Income Tax Provisions, but less than the maximum percentage amount.] *Reserved.*

* * *

[(11) State Low-Income Tax Provisions. The state law provisions for refund and forgiveness of Commonwealth 228 taxes based on poverty income set forth in Section 304 of the Tax Reform Code of 1971 (Act of March 4, 1971, P.L. 6, No. 2), as added by the Act of March 13, 1974 (P.L. 179, No. 32), 72 P.S. § 7304, and as amended from time to time.

(12) Very Low Income Non-Residents. Non-Residents who are eligible for the maximum refund and/or forgiveness available under State Low-Income Tax Provisions.

(13) Very Low Income Residents. Residents who are eligible for the maximum refund and/or forgiveness available under State Low-Income Tax Provisions.]

§19-1502. Imposition of Tax.

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(1) Tax On Salaries, Wages, Commissions And Other Compensation.

- (a) Residents. An annual tax on salaries, wages, commissions and other compensation earned by residents of Philadelphia is imposed for general revenue purposes for the following periods at the following rates:

* * *

January 1, 2008 through [December 31, 2008] <i>June 30, 2008</i>	2.719%
<i>July 1, 2008 through December 31, 2008</i>	2.48%
January 1, 2009 through December 31, 2009	[2.669%] 2.43%
January 1, 2010 through December 31, 2010	[2.5158%] 2.39%
January 1, 2011 through December 31, 2011	[2.3626%] 2.30%
January 1, 2012 through December 31, 2012	[2.2094%] 2.21%
January 1, 2013 [through December 31, 2013] <i>and thereafter</i>	[2.0562%] 2.10%
[January 1, 2014 through December 31, 2014]	[1.903%]
[January 1, 2015 and thereafter]	[1.75%]

- (b) Non-Residents. An annual tax on salaries, wages, commissions and other compensation earned by non-residents of Philadelphia for work done or services performed or rendered in Philadelphia is imposed for general revenue purposes for the following periods at the following rates:

* * *

January 1, 2008 through [December 31, 2008] <i>June 30, 2008</i>	3.7242%
<i>July 1, 2008 through December 31, 2008</i>	3.5392%
January 1, 2009 through December 31, 2009	[3.685%] 3.50%
January 1, 2010 through December 31, 2010	[3.6046%] 3.46%
January 1, 2011 through December 31, 2011	[3.5338%] 3.40%
January 1, 2012 through December 31, 2012	[3.4659%] 3.35%

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January 1, 2013 [through December 31, 2013] <i>and thereafter</i>	[3.3994%] 3.25%
[January 1, 2014 through December 31, 2014]	[3.3237%]
[January 1, 2015 and thereafter]	[3.250%]

(c) The tax imposed under §19-1502(1) (a) and (b) shall relate to and be imposed upon salaries, wages, commissions, and other compensation paid by an employer or on his behalf to any person who is employed by or renders services to him.

(2) Tax On Net Profits Earned In Businesses, Professions Or Other Activities.

(a) Residents. An annual tax on the net profits earned in businesses, professions or other activities conducted by residents of Philadelphia is imposed for general revenue purposes for the following periods at the following rates:

	* * *	
January 1, 2008 through [December 31, 2008] <i>June 30, 2008</i>	2.719%	
<i>July 1, 2008 through December 31, 2008</i>	2.48%	
January 1, 2009 through December 31, 2009	[2.669%] 2.43%	
January 1, 2010 through December 31, 2010	[2.5158%] 2.39%	
January 1, 2011 through December 31, 2011	[2.3626%] 2.30%	
January 1, 2012 through December 31, 2012	[2.2094%] 2.21%	
January 1, 2013 [through December 31, 2013] <i>and thereafter</i>	[2.0562%] 2.10%	
[January 1, 2014 through December 31, 2014]	[1.903%]	
[January 1, 2015 and thereafter]	[1.75%]	

(b) An annual tax on the net profits earned in businesses, professions or other activities conducted in Philadelphia by non-residents is imposed for general revenue purposes for the following periods at the following rates:

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January 1, 2008 through [December 31, 2008]	
<i>June 30, 2008</i>	3.7242%
<i>July 1, 2008 through December 31, 2008</i>	3.5392%
January 1, 2009 through December 31, 2009	[3.685%] 3.50%
January 1, 2010 through December 31, 2010	[3.6046%] 3.46%
January 1, 2011 through December 31, 2011	[3.5338%] 3.40%
January 1, 2012 through December 31, 2012	[3.4659%] 3.35%
January 1, 2013 [through December 31, 2013] <i>and thereafter</i>	[3.3994%] 3.25%
[January 1, 2014 through December 31, 2014]	[3.3237%]
[January 1, 2015 and thereafter]	[3.250%]

* * *

SECTION 2. Section 19-1508 of The Philadelphia Code, entitled “Refunds and Forgiveness for Poverty Income,” is hereby repealed, and a new Section 19-1508 of The Philadelphia Code is hereby added, to read as follows:

§19-1508. Refunds and Forgiveness for Poverty Income.

(1) *Definitions.*

(a) *State Low-Income Tax Provisions.* The state law provisions for refund and forgiveness of Commonwealth taxes based on poverty income set forth in Section 304 of the Tax Reform Code of 1971 (Act of March 4, 1971, P.L. 6, No. 2), as added by the Act of March 13, 1974 (P.L. 179, No. 32), 72 P.S. § 7304, and as amended from time to time.

(b) *Very Low Income Residents.* Residents who are eligible for the maximum refund and/or forgiveness available under State Low-Income Tax Provisions.

(c) *Very Low Income Non-Residents.* Non-Residents who are eligible for the maximum refund and/or forgiveness available under State Low-Income Tax Provisions.

(d) *Low Income Residents.* Residents who are entitled to refund and/or forgiveness of taxes pursuant to State Low-Income Tax Provisions, but less than the maximum percentage amount.

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(e) *Low Income Non-Residents. Non-Residents who are entitled to refund and/or forgiveness of taxes pursuant to State Low-Income Tax Provisions, but less than the maximum percentage amount.*

(f) *Very Low Income Reduction.*

(i) *For a Very Low Income Resident, the difference between the rate of tax imposed on Residents under §19-1502(1)(a) during calendar year 2014, and the rate provided under §19-1508(2)(b)(i) for Very Low Income Residents during calendar year 2014.*

(ii) *For a Very Low Income Non-Resident, the difference between the rate of tax imposed on Non-Residents under §19-1502(1)(b) during calendar year 2014, and the rate provided under §19-1508(2)(b)(ii) for Very Low Income Non-Residents during calendar year 2014.*

(g) *Low Income Percentage. The percentage reduction to which a Low Income Resident is entitled under State Low-Income Tax Provisions.*

(h) *Low Income Reduction.*

(i) *During calendar year 2013, the Low Income Percentage multiplied by one-half of one percent (0.5%).*

(ii) *During calendar year 2014 and thereafter, the Low Income Percentage multiplied by the Very Low Income Reduction.*

(2) *Beginning in calendar year 2013, the rates of tax imposed on Very Low Income Residents and Low Income Residents under §19-1502(1)(a) and (2)(a), and the rates of tax imposed on Very Low Income Non-Residents and Low Income Non-Residents under §19-1502(1)(b) and (2)(b), shall be as follows:*

(a) *During calendar 2013:*

(i) *The rate of tax imposed on Very Low Income Residents shall equal the rate of tax imposed on Residents during calendar year 2013, minus one-half of one percent (0.5%), and the rate of tax imposed on Very Low Income Non-Residents shall equal the rate of tax imposed on Non-Residents during calendar year 2013, minus one-half of one percent (0.5%).*

(ii) *The rate of tax imposed on a Low Income Resident shall equal the rate of tax imposed on Residents during calendar year 2013, minus the Low Income Reduction, and the rate of tax imposed on a Low Income Non-Resident shall equal the*

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rate of tax imposed on Non-Residents during calendar year 2013, minus the Low Income Reduction.

(b) *During calendar year 2014:*

(i) *The rate of tax imposed on Very Low Income Residents shall equal the rate of tax imposed on Very Low Income Residents during calendar year 2013, minus one-half of one percent (0.5%), and the rate of tax imposed on Very Low Income Non-Residents shall equal the rate of tax imposed on Very Low Income Non-Residents during calendar year 2013, minus one-half of one percent (0.5%).*

(ii) *The rate of tax imposed on a Low Income Resident shall equal the rate of tax imposed on Residents during calendar year 2014, minus the Low Income Reduction, and the rate of tax imposed on a Low Income Non-Resident shall equal the rate of tax imposed on Non-Residents during calendar year 2014, minus the Low Income Reduction.*

(c) *During calendar year 2015 and thereafter:*

(i) *The rate of tax imposed on Very Low Income Residents during a calendar year shall equal the rate of tax imposed on Residents during such calendar year, minus the Very Low Income Reduction, and the rate of tax imposed on Very Low Income Non-Residents shall equal the rate of tax imposed on Non-Residents during such calendar year, minus the Very Low Income Reduction.*

(ii) *The rate of tax imposed on a Low Income Resident during a calendar year shall equal the rate of tax imposed on Residents during such calendar year, minus the Low Income Reduction, and the rate of tax imposed on a Low Income Non-Resident shall equal the rate of tax imposed on Non-Residents during calendar year, minus the Low Income Reduction.*

(3) *A person subject to any of the rate reductions set forth in subsection (2) shall be entitled to a refund of any taxes paid in excess of the amount due upon application to the Department, on forms supplied by the Department.*

(4) *The withholding and filing requirements of this Chapter shall continue to apply to, and in connection with, persons entitled to refunds and forgiveness under this Section.*

Explanation:

[Brackets] indicate matter deleted.
Italics indicate new matter added.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on May 22, 2008. The Bill was Signed by the Mayor on May 22, 2008.



Patricia Rafferty
Chief Clerk of the City Council